

NORTH CAROLINA EDUCATION LOTTERY POLICIES AND PROCEDURES MANUAL

CHAPTER 8 – SALES POLICIES

8.03 – INSTANT TICKET GAME RULES

SCOPE

The Instant Game Rules and Regulations contain specific rules, regulations, procedures, instructions and directives which apply to Instant Games developed and offered for distribution and sale to the public by the North Carolina Education Lottery ("NCEL"). The NCEL will, from time to time, amend these Rules and Regulations and adopt new Rules and Regulations that pertain to all Instant Games as well as game specific items that will be incorporated into the Working Papers for each game. In the event of a conflict among the Act, the Instant Game Rules and Regulations, and the Retailer Contract, the Act will govern the Instant Game Rules and Regulations, and the Instant Game Rules and Regulations will govern the Retailer contract; however, to the extent not in conflict with the Act, the Working Papers will govern the Instant Game Rules and Regulations as to the specific Instant Game being produced for distribution; Further, however, to the extent not in conflict with the Act, any special rules, Draw Procedures or other Game Procedures adopted by the NCEL and uniformly announced to all Retailers for a specific Instant Game (such as for a sales contest), will govern the Working Papers and the Instant Game Rules and Regulations as to that game.

DEFINITIONS *(see appendix A)*

Capitalized terms used herein shall have the meanings set forth in Appendix A attached hereto, unless otherwise defined in context.

GENERAL RULES

- A. If the NCEL, in its sole discretion, has authorized a Retailer to sell Tickets for Instant Games at one or more of its Retailer Business Locations, in addition to all provisions, terms and conditions of the Act, other Rules and Regulations, and the Retailer Contract, the Instant Game Rules and Regulations herein shall apply to all Instant Games. To the extent of any inconsistency with either the Retailer Contract or with the Retailer Rules and Regulations found in Chapter 8 of the NCEL Policies and Procedures Manual, the Instant Game Rules and Regulations shall govern the Instant Games.
- B. Each Retailer shall sell Instant Tickets for any and all Instant Games, as directed by the NCEL, at each of its Retailer Business Locations listed in the Retailer Contract for which the NCEL has authorized the sale of Tickets for Instant Games.
- C. Acceptance and Return of Instant Tickets:
 - 1. Each Retailer shall have a fiduciary duty and responsibility to preserve and account for all Instant Tickets accepted from the NCEL or its distributor, as well as cash proceeds from the sale of any lottery products.
 - 2. Any Instant Tickets not properly accounted for by the Retailer upon termination of the Retailer Contract, upon demand by the NCEL, or at the End of Game date for

NORTH CAROLINA EDUCATION LOTTERY POLICIES AND PROCEDURES MANUAL

CHAPTER 8 – SALES POLICIES

8.03 – INSTANT TICKET GAME RULES

the corresponding Instant Game, regardless of the reason, shall be deemed to have been purchased by the Retailer.

3. Retailers shall confirm receipt of all Packs of Instant Tickets delivered, at the time of delivery, through the Lottery Terminal provided by the NCEL. Failure to confirm Tickets upon receipt could result in the Retailer Contract being revoked. Retailers shall accept only complete Ticket orders assigned to them and will not be allowed to accept a part of the Ticket order delivered to them unless approved by the NCEL.
4. The NCEL will accept full and partial Pack returns immediately following the termination, cancellation, suspension, revocation or non-renewal of a Retailer Contract with the NCEL. A maximum of four (4) sequential breaks in Ticket Number sequence per Pack will be allowed. The returned Instant Tickets must be collected by or delivered directly to a Lottery Sales Representative or any other employee designated by the Executive Director. Instant Tickets not returned will be charged to the Retailer, less appropriate Retailer Commissions.
5. For special Instant Games which may have varying market appeal, as determined from time to time in the sole discretion of the Executive Director (such as seasonal, special interest and sports theme Instant Games), the NCEL may accept full and partial Pack returns prior to the announced End of Game. A maximum of four (4) sequential breaks in Ticket Number sequence per Pack will be allowed. The returned Instant Tickets must be collected by or delivered directly to a Lottery Sales Representative or any other employee designated by the Executive Director. Instant Tickets not returned will be charged to the Retailer, less appropriate Retailer Commissions.
6. Prior to announcing the End of Game date for any particular Instant Game to the general public, the NCEL will notify Retailers of a prior date at which the NCEL expects the Retailer to cease selling Instant Tickets for that game. Thereafter, and on or before the End of Game date, the NCEL Sales Representative, or any other employee designated by the Executive Director, will pick up any full and partial Packs of Tickets for that game remaining with the Retailer. A maximum of four (4) sequential breaks in Ticket Number sequence per Pack will be allowed. Instant Tickets not returned will be charged to the Retailer, less appropriate Retailer Commissions.
7. The foregoing notwithstanding, the NCEL may, from time to time, adopt rules limiting the return and acceptance of full and partial Packs for specific Instant Games as a condition of Retailer participation in sales contests.

D. Lost or Stolen Instant Tickets:

1. The Retailer shall report all stolen Instant Tickets to the NCEL within 24 hours of discovery. **In addition, the Retailer shall file a police report for the stolen Tickets within 24 hours and forward a copy to the NCEL within 14 calendar days of the initial report of the theft to the NCEL.**

NORTH CAROLINA EDUCATION LOTTERY POLICIES AND PROCEDURES MANUAL

CHAPTER 8 – SALES POLICIES

8.03 – INSTANT TICKET GAME RULES

2. For Activated Packs, the Retailer shall be responsible for lost or stolen Instant Tickets and may be charged the full price of the Tickets, minus any applicable Commissions.
3. For Non-activated Instant Tickets, the Retailer shall be responsible for \$10.00 per pack of lost or stolen Instant Tickets.
4. The Retailer must have a valid Retailer Contract with the NCEL, be an active Retailer, and be current on all funds due to the NCEL in order to qualify for any reimbursement for stolen Instant Tickets not recovered.

E. Damaged Instant Tickets:

1. If Instant Tickets are damaged in transit to the Retailer, the Retailer shall report the damage to the NCEL within 24 hours after confirmation of delivery to be considered for credit. (A POLICE REPORT IS NOT REQUIRED FOR DAMAGED INSTANT TICKETS.) The NCEL will accept the return of all Tickets damaged in shipment whenever possible.
2. The Retailer shall be responsible for any Activated Instant Tickets damaged after delivery and will be charged the full price of the Tickets less any applicable Commissions.

INSTANT GAME RULES

A. Sale of Instant Tickets:

1. Only Retailers who have entered into a Retailer Contract with the NCEL, and have been approved by the NCEL, in the NCEL's sole discretion, for the sale of Instant Games, are authorized to sell Instant Tickets. Instant Tickets may only be sold:
 - a. At the Retailer Business Location(s) listed in the Retailer Contract for which the NCEL has authorized the sale of Tickets for Instant Games; and
 - b. At the Retailer Business Location where each Instant Ticket Pack is assigned by the NCEL and accepted by the Retailer.
2. Each Instant Ticket shall sell for the retail sales price authorized by the Executive Director and stated in the individual Working Papers.

B. Determination of Prize Winner:

1. The Play Symbols shall be used by a player to determine eligibility for Instant Game prizes. Qualifying Play Symbols are stated in the Working Papers.

NORTH CAROLINA EDUCATION LOTTERY POLICIES AND PROCEDURES MANUAL

CHAPTER 8 – SALES POLICIES

8.03 – INSTANT TICKET GAME RULES

2. A player's eligibility to win a prize is subject to the Ticket validation requirements provided in subsection (C) below.
3. For each individual Instant Game, the player shall uncover the Play Area on the front of the Ticket to reveal the Play Symbols. Eligibility to win a prize is based on the approved Play Style as stated in the Working Papers.

C. Ticket Validation Requirements:

1. Each Instant Ticket shall be validated according to validation procedures prior to payment of a prize.
2. Each Instant Ticket shall comply with all of the following:
 - a. The Ticket shall not be stolen or appear on any list of omitted Tickets on file with the NCEL.
 - b. The Ticket shall not be counterfeit or forged, in whole or in part.
 - c. The Ticket shall not be mutilated, altered, unreadable, reconstituted, or tampered with in any manner.
 - d. The Ticket shall have been issued by the NCEL in an authorized manner.
 - e. The Ticket shall have been received or recorded by the NCEL by applicable redemption deadlines.
 - f. The Ticket shall pass the confidential validation and security tests appropriate to the applicable Play Style.
 - g. The Validation Number of an apparent winning Ticket shall appear on the NCEL's official file of Validation Numbers of winning Tickets. A Ticket with that Validation Number shall not have been paid previously.
 - h. The Ticket shall be intact, and not miscut, and have exactly one Play Symbol and exactly one Caption in each of the rub-off spots, exactly one Pack Number, exactly one Ticket Number, exactly one Retailer Validation Code, and exactly one Validation Number on the Ticket.
 - i. The Game Number, Pack Number, Ticket Number, and Validation Number must be present in their entirety and be fully legible. The Validation Number shall correspond, using the NCEL's codes, to the Play Symbols on the Ticket.

NORTH CAROLINA EDUCATION LOTTERY POLICIES AND PROCEDURES MANUAL

CHAPTER 8 – SALES POLICIES

8.03 – INSTANT TICKET GAME RULES

- j. The Play Symbols, Caption, Validation Number, Retailer Validation Code, Pack Number, and Ticket Number must be right side up and not reversed in any manner.
 - k. The Ticket must not be blank or partially blank, mis-registered, defective, or printed or produced in error.
 - l. Each of the Play Symbols on the Instant Game Ticket must be exactly one of those described in that Instant Game's Working Papers and each of the Captions must be exactly one of those described in the same Working Papers.
 - m. Each of the Play Symbols on the Ticket must be printed in the correct symbol font and correspond precisely to the artwork on file at the NCEL. Each of the Captions must be printed in the Caption font and must correspond precisely to the artwork on file at the NCEL. The Retailer Validation Code must be printed in the Retailer Validation Code font and must correspond precisely to the artwork on file at the NCEL. The Validation Number must be printed in the Validation Number font and must correspond precisely to the artwork on file at the NCEL.
 - n. The display printing must be regular in every respect and correspond precisely with the artwork on file at the NCEL.
- 3. Any Ticket not passing all of the validation tests and requirements is void and ineligible for any prize and shall not be paid. The Executive Director may, at Executive Director's exclusive determination, reimburse the player for the cost of the void Ticket.
 - 4. If a defective Ticket is purchased, the NCEL's only liability shall be reimbursement for the cost of the void Ticket.

D. Ticket Responsibility:

- 1. A Ticket is a bearer instrument until signed on the back by the Ticket holder.
- 2. The NCEL shall not be responsible for lost, stolen, or destroyed Tickets.
- 3. The NCEL shall not be responsible for erroneous or mutilated Tickets.
- 4. The NCEL shall not be responsible for Tickets claimed by a player in error for a lower prize at a Retailer.
- 5. The NCEL shall not pay prizes to any Claimant who purchases a Ticket from an unauthorized Retailer.
- 6. The NCEL shall pay a prize to only one individual or entity.

NORTH CAROLINA EDUCATION LOTTERY POLICIES AND PROCEDURES MANUAL

CHAPTER 8 – SALES POLICIES

8.03 – INSTANT TICKET GAME RULES

E. Disputed Ticket:

If a dispute arises between the NCEL and a Ticket Claimant concerning whether the Ticket is a winning Ticket and if the Ticket prize has not been paid, the Executive Director may, exclusively at his/her determination, reimburse the Claimant for the cost of the disputed Ticket. This shall be the Claimant's exclusive remedy.

F. End of Game and Prize Claim Period:

1. The Executive Director, at any time, may establish the End of Game date for an individual Instant Game or series of Instant Games.
2. The NCEL Sales Representatives will be directed to contact all Retailers in order to have the Retailers properly account for and return for credit the unsold Instant Tickets from each discontinuing Instant Game on or before the corresponding End of Game date. Instant Tickets not returned will be charged to the Retailer.
3. Instant Game prizes shall be redeemed or claimed no later than ninety (90) days after the End of Game date of the individual Instant Game; thereafter, no claims shall be honored by the NCEL.
4. When the End of Game date for an individual Instant Game or series of Instant Games has been established, the NCEL sales and marketing department shall prepare and distribute an End of Game flyer to all NCEL Retailers announcing the names of Instant Games which are ending, End of Game date, and last day to redeem date.
5. When the End of Game date for an individual Instant Game or series of Instant Games has been established, the NCEL legal department shall prepare and publish, beginning on or before the End of Game date, a newspaper ad or a legal notice announcing the names of the Instant Games which are ending, the End of Game date for each such Instant Game, and the last date upon which prizes for each such Instant Game may be redeemed or claimed.

G. Governing Law:

In purchasing a Ticket, the customer or player agrees to comply with, and abide by, the Act, other applicable North Carolina laws, all Rules and Regulations and final decisions of the NCEL, and all procedures and instructions established by the NCEL or the Executive Director for the conduct of the game.

H. Purchase and Prize restrictions:

No Instant Game Ticket may be purchased by and no prize shall be paid to any member of the Commission; any officer or employee of the NCEL; or any spouse, child, brother, sister, or parent residing as a member of the same household in the principal place of residence of any such person. Nor shall any Ticket be purchased by and no prize shall be paid to any officer, employee, agent, or subcontractor of any Vendor, or any spouse,

NORTH CAROLINA EDUCATION LOTTERY POLICIES AND PROCEDURES MANUAL

CHAPTER 8 – SALES POLICIES

8.03 – INSTANT TICKET GAME RULES

child, brother, sister, or parent residing as a member of the same household in the principal place or residence of any such person.

I. Taxes and Setoffs:

In accordance with the Act and other applicable laws:

1. All prizes are subject to applicable federal and state withholdings, and state and federal income taxes; and
2. Prizes of \$600.00 and above are subject to Debt Setoff collection by claimant agencies.

J. Game report:

Following the time period in which prized may be claimed after the End of Game date, the NCEL shall prepare a report that shows, at a minimum, the total number of Tickets sold and the number of prizes awarded in the game. The report shall be made available for public inspection.

K. Coordination of Instant Game Rules and On-Line Game Rules:

If and when there is an issue or topic relevant to the Instant Game Rules and Regulations, which is addressed in the On-Line Game Rules and Regulations, but which is not addressed in the Instant Ticket Game Rules and Regulations, then the provisions of the On-Line Game Rules and Regulations shall apply equally to the Instant Games for such issue or topic; however, in no case shall an Instant Game winner be allowed the option to receive in a lump sum the cash value equivalency in lieu of an annuitized prize unless that option is specifically provided for in the respective Instant Game Working Papers.

GRAND PRIZE DRAWING RULES

This section shall not apply to individual Instant Games that do not provide for a Grand Prize Drawing.

- A. Eligibility for a Grand Prize Drawing shall be determined by, but not limited to, a direct entry in a Grand Prize Drawing or an entry into a Preliminary Drawing as provided in the Draw Procedures established by the NCEL. The Executive Director shall determine any prizes to be awarded and the method of payment that shall be stated in the Draw Procedures.
- B. Preliminary Drawings and Grand Prize Drawings shall be conducted at times and places and pursuant to the methods stated in the Draw Procedures.

NORTH CAROLINA EDUCATION LOTTERY POLICIES AND PROCEDURES MANUAL

CHAPTER 8 – SALES POLICIES

8.03 – INSTANT TICKET GAME RULES

- C. An entry in a Preliminary Drawing or Grand Prize Drawing submitted by a player in accordance with the applicable Draw Procedures is eligible to be included in a drawing as provided in the Draw Procedures.
- D. Entries in Preliminary Drawing or Grand Prize Drawing shall be delivered to the address designated in the Draw Procedures no later than the last day of the time frame specified in the Draw Procedures.
- E. The number of Preliminary Drawing and Grand Prize Drawing winners selected to advance or to win a prize shall be specified in the Draw Procedures. The odds of winning an entry into these drawings for a prize of a specific amount need not be uniform throughout the game and are subject to change by the Executive Director.
- F. Each Grand Prize Drawing finalist shall submit a completed Claim Form and the winning Ticket to the NCEL within the required claim filing period. Failure to submit these items within the claim filing period and failure to have a Valid Ticket shall be cause for ineligibility to the Grand Prize Drawing.
- G. Each Grand Prize Drawing finalist will be notified by the NCEL of the date of his/her appearance at the Grand Prize Drawing.
- H. If a dispute arises between the NCEL and a Ticket Claimant concerning whether the Ticket is a winning Ticket and if the Ticket prize has not been paid, the Executive Director may exclusively at his/her determination, reimburse the Claimant for the cost of the disputed Ticket. This shall be the Claimant's exclusive remedy.